

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 Second Round

October 20, 2021

Downtown Livermore Apartments South, located at the southeast corner of Railroad Ave & South L Street in Livermore, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$6,410,256 in total state tax credits to finance the new construction of 50 units of housing serving special needs tenants and large families with rents affordable to households earning 20-60% of area median income (AMI). The project will be developed by Eden Housing, Inc. and will be located in Senate District 7 and Assembly District 16.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

| | | |
|---------------------------|--|----------------------|
| Project Number | CA-21-181 | |
| Project Name | Downtown Livermore Apartments South | |
| Site Address: | Southeast corner of Railroad Ave & South L Street Livermore, CA 94550 County: Alameda | |
| Census Tract: | 4516.010 | |
| Tax Credit Amounts | Federal/Annual | State/Total * |
| Requested: | \$2,500,000 | \$6,410,256 |
| Recommended: | \$2,500,000 | \$6,410,256 |

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

| | |
|--|---|
| Applicant: | Eden Housing, Inc. |
| Contact: | Matt Graves |
| Address: | 22645 Grand St Hayward, CA 94541 |
| Phone: | 510-963-9483 |
| Email: | matt.graves@edenhousing.org |
| General Partner(s) / Principal Owner(s): | DTLM South LLC |
| General Partner Type: | Nonprofit |
| Parent Company(ies): | Eden Investments, Inc |
| Developer: | Eden Housing, Inc. |
| Investor/Consultant: | Community Housing Partnership Corporation |
| Management Agent(s): | Eden Housing Management, Inc. |

Project Information

| | |
|--------------------------------|---|
| Construction Type: | New Construction |
| Total # Residential Buildings: | 1 |
| Total # of Units: | 51 |
| No. & % of Tax Credit Units: | 50 100% |
| Federal Set-Aside Elected: | 40%/60% |
| Federal Subsidy: | HUD Section 8 Project Based Vouchers (26 Units - 51%) |

Information

Set-Aside: Nonprofit (homeless assistance)
 Housing Type: Special Needs: 51% Large Family: 49%
 Type of Special Needs: Homeless
 Average Targeted Affordability of Special Needs/SRO Project Units: 30.00%
 % of Special Need Units: 51.00%
 Geographic Area: East Bay Region
 TCAC Project Analyst: Franklin Cui

55-Year Use / Affordability

| <u>Aggregate Targeting Number of Units</u> | <u>Percentage of Affordable Units</u> |
|--|---------------------------------------|
| At or Below 20% AMI: 16 | 30% |
| At or Below 30% AMI: 5 | 10% |
| At or Below 40% AMI: 5 | 10% |
| At or Below 60% AMI: 24 | 45% |

Unit Mix

| |
|-----------------------|
| 24 1-Bedroom Units |
| 14 2-Bedroom Units |
| 13 3-BedroomUnits |
| <u>51 Total Units</u> |

| <u>Unit Type & Number</u> | <u>2021 Rents Targeted % of Area Median Income</u> | <u>Proposed Rent (including utilities)</u> |
|-------------------------------|--|--|
| 5 1 Bedroom | 20% | \$513 |
| 6 2 Bedrooms | 20% | \$616 |
| 5 3 Bedrooms | 20% | \$712 |
| 5 1 Bedroom | 30% | \$770 |
| 2 1 Bedroom | 40% | \$1,027 |
| 1 2 Bedrooms | 40% | \$1,233 |
| 2 3 Bedrooms | 40% | \$1,425 |
| 12 1 Bedroom | 60% | \$1,541 |
| 6 2 Bedrooms | 60% | \$1,849 |
| 6 3 Bedrooms | 60% | \$2,137 |
| 1 2 Bedrooms | Manager's Unit | \$0 |

Project Cost Summary at Application

| | |
|----------------------------------|---------------------|
| Land and Acquisition | \$3,542,370 |
| Construction Costs | \$29,165,808 |
| Rehabilitation Costs | \$0 |
| Construction Contingency | \$1,855,321 |
| Relocation | \$0 |
| Architectural/Engineering | \$941,539 |
| Const. Interest, Perm. Financing | \$2,883,769 |
| Legal Fees | \$130,000 |
| Reserves | \$304,332 |
| Other Costs | \$4,128,845 |
| Developer Fee | \$1,100,000 |
| Commercial Costs | \$0 |
| Total | \$44,051,984 |

Residential

| | |
|------------------------------------|-----------|
| Construction Cost Per Square Foot: | \$493 |
| Per Unit Cost: | \$863,764 |
| True Cash Per Unit Cost*: | \$762,525 |

Construction Financing

| Source | Amount |
|--------------------------------|--------------|
| US Bank | \$32,587,690 |
| Alameda County | \$2,041,855 |
| City of Livermore | \$196,150 |
| Accrued Interest | \$69,095 |
| Cost Deferred Until Conversion | \$1,162,222 |
| Seller Carryback | \$3,060,000 |
| Impact Fee Waiver | \$2,103,204 |
| Tax Credit Equity | \$2,831,768 |

Permanent Financing

| Source | Amount |
|-------------------|---------------------|
| US Bank | \$8,264,000 |
| Alameda County | \$2,041,855 |
| City of Livermore | \$196,150 |
| Accrued Interest | \$69,095 |
| Seller Carryback | \$3,060,000 |
| Impact Fee Waiver | \$2,103,204 |
| Tax Credit Equity | \$28,317,680 |
| TOTAL | \$44,051,984 |

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

| | |
|--|---|
| Requested Eligible Basis: | \$21,367,520 |
| 130% High Cost Adjustment: | Yes |
| Applicable Fraction: | 100.00% |
| Qualified Basis: | \$27,777,776 |
| Applicable Rate: | 9.00% |
| Total Maximum Annual Federal Credit: | \$2,500,000 |
| Total State Credit: | \$6,410,256 |
| Approved Developer Fee (in Project Cost & Eligible Basis): | \$1,100,000 |
| Investor/Consultant: | Community Housing Partnership Corporation |
| Federal Tax Credit Factor: | \$0.92000 |
| State Tax Credit Factor: | \$0.82956 |

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

| | |
|--------|----------------------|
| First: | Special Needs |
| Final: | 78.843% |

Significant Information / Additional Conditions

This 101 unit application was submitted as a hybrid application serving special needs tenants and large families. The project is comprised of a 9% component (CA-21-181 Downtown Livermore Apartments South) consisting of 50 low income units and a 4% component (CA-21-770 Downtown Livermore Apartments North) consisting of 78 low income units. The north building will be constructed simultaneously with the Downtown Livermore Apartments South, but under separate contracts, on a separate parcel, and under a separate legal ownership entity. Livermore South consists of 51% Special Needs targeted units (26 units) that will target homeless and chronically homeless individuals, and will target individuals and families at 20-60% AMI. Livermore North will be reserved for low income families at 30-60% AMI. Additionally, both Projects agree to the shared use of a community room (“Community Room”) that will be located in Downtown Livermore Apartments South, and to mutual shared amenities between Downtown Livermore Apartments North and Downtown Livermore Apartments South. And both projects will have services provided by Eden Housing Residential Services.

The Downtown Livermore Apartments South project has an estimated total project cost per unit of \$762,525. The high cost per-unit project cost is due to a number of factors. This project is subject to state and federal prevailing wage laws due to funding sources. The project is designed to be high density to deliver as many units as appropriate for the location and neighborhood context. This requires a five-level structure that necessitates the use of a completely submerged concrete podium parking garage and elevators to access the upper floors. And lastly, supply chain and work-force interruptions due to the COVID 19 pandemic have caused significant delays and shortages in materials and the workforce, disrupting supply lines and typical pricing behavior. This has resulted in a rapid increase in material and labor costs.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

| Points System | Max. Possible Points | Requested Points | Points Awarded |
|--|-----------------------------|-------------------------|-----------------------|
| Owner / Management Characteristics | 10 | 10 | 10 |
| General Partner Experience | 7 | 7 | 7 |
| Management Experience | 3 | 3 | 3 |
| Housing Needs | 10 | 10 | 10 |
| Site Amenities | 15 | 15 | 15 |
| Within ¼ mile of transit, service every 30 min, 25 units/acre density | 7 | 7 | 7 |
| Within ½ mile of public park or community center open to general public | 3 | 3 | 3 |
| Within 1 mile of public library | 2 | 2 | 2 |
| Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf | 5 | 5 | 5 |
| Within ½ mile of a public middle school | 3 | 3 | 3 |
| Within 1 mile of medical clinic or hospital | 2 | 2 | 2 |
| Within ½ mile of a pharmacy | 2 | 2 | 2 |
| Highest or High Resources Area | 8 | 8 | 8 |
| Service Amenities | 10 | 10 | 10 |
| LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES | | | |
| Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms | 5 | 5 | 5 |
| Health & wellness services and programs, minimum 100 hrs per 100 bdrms | 5 | 5 | 5 |
| SPECIAL NEEDS HOUSING TYPE | | | |
| Case Manager, minimum ratio of 1 FTE to 100 bedrooms | 5 | 5 | 5 |
| Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms | 5 | 5 | 5 |
| Lowest Income | 52 | 52 | 52 |
| Basic Targeting | 50 | 50 | 50 |
| Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less | 2 | 2 | 2 |
| Readiness to Proceed | 10 | 10 | 10 |
| Miscellaneous Federal and State Policies | 2 | 2 | 2 |
| State Credit Substitution | 2 | 2 | 2 |
| Total Points | 109 | 109 | 109 |

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.